



## Level of Focus of Organizations Operating in Slovakia on Flexible Organizational Structure

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### ABSTRACT

Flexible organisational structure is characterised by the creation of temporary units (teams) within a basic departmental structure to solve a particular difficult task, important for the organisation and limited by time. It can be stated on its grounds that team work is the basis of innovative organisation operation. However, fact that organisations most often use individuals and not the creation of a team specialised in the given issue in solving of new, important and demanding projects and tasks sounds negative. If organisations want to create so called innovative environment, it is necessary to focus on organisational structure, while it is necessary to realise that different organisational structures are appropriate for different types of organisations. Presumption which was the basis of our analysis of organisational structure flexibility was the fact that organisational flexibility results from its ability to respond to changing conditions and new situations. Therefore, we monitored the frequency of characteristics like adaptation of organisational structure to changing conditions and delegation of operational decisions to line managers. However, the research implied that only a smaller part of organisational structures of the analysed organisations fulfills these characteristics.

**Keywords:** Flexible Organisational Structure, Innovative Environment, Analyse, Organisations

**JEL Classifications:** E24, J24, C44, O15, M12

### 1. INTRODUCTION

Regardless of the fact how well developed the systems for identification and development of innovative products or processes are in the organization, these systems will not work well unless an appropriate organizational structure (OS) is built in the organization (Šigut, 2004).

OS is a hierarchical arrangement of a set of workplaces (people) and departments. It resembles a pyramid, and is therefore called a pyramid OS. Its basis comprises the most numerous group of employees – direct executors of organizational tasks. Above, there is a smaller group of junior managing employees, above which there are other smaller and smaller groups of managers up to the least numerous group of top managers lead by a single top manager (Sedlák, 2009).

On the basis of several researches focused on OS application under our conditions, it can be stated that OS of our organizations

have undergone partial changes, however they still mostly comply with the administrative and directive organizational management system applied in the past (Urbancová, 2012).

### 2. BRIEF LITERATURE REVIEW

Traditional organizational concept has certain advantages, however it should be gradually substituted by the flexible concept at present turbulent times, as the traditional concept does not satisfy the members of organization (predominantly employees) sufficiently and it creates barriers to motivation on the way towards effective and initiative work (Voštenáková, 2009). Traditional structures do not enable sufficient application of new methods, means and work management style, currently necessary not only to achieve prosperity but also for survival of individual organizations in present environment itself. The most significant insufficiencies of traditional OS mainly include (Sedlák, 2009): Disrespect for customer market superiority, disproportionate

centralization in management (Van de Walle et al., 2016; Hitka et al., 2014), too big directorates, a great number of management levels (Gozdowski et al., 2013), great vertical structuring and non-creation of conditions for internal business.

It is obvious that these insufficiencies of OS result in other ones, significantly disadvantaging our organizations in competitors fight and thus making their possibility to initiate the permanent prosperity more difficult. They predominantly include (Čambál, 2007; Kampf et al., 2014; Urbancová and Hudáková, 2015): Inflexibility in response to constantly changing customer requirements, long duration of deciding processes, low innovation ability, vulnerability of whole organization in case of a change of outer influence effects, imperfect cooperation of all managerial departments vertically as well as horizontally, cumbersomeness in information transmission, insufficient involvement of organization's employees in final economic results and small attention paid to self-realization of employees.

It is obvious from the aforementioned that if an organization wants to be innovative special attention should be paid to the issue of creation of new, respectively enhancement of already existing organizational management structures (Čambál, 2007; Poláková, 2007).

Of course, it is impossible to set a universal OS optimal for all organizations. Each organization has its own individual specific features, which need to be taken into consideration. Rather perfectly elaborated structure with precisely defined competences benefits ones, while a freer one with the possibility of self-realization of more ambitious individuals benefits the others. In order for an OS to be beneficial for the given organization, certain basic principles, respectively rules need to be respected upon its creation (Slávik, 2000): The principle of subordination of OS to organizational strategic objectives, the principle of labor division (assignment of tasks needs to be clearly defined), the principle of effectiveness (high productivity with minimum costs), the principle of the unity in commanding (each employee has only one direct superior), the principle of separation of strategic management functions from the operational ones, the principle of centralization – decentralization, optimization of the amount of managerial levels, the principle of optimal management range (optimal number of departments, respectively employees subordinated to one manager) and the principle of adaptability – OS needs to be able to modify and adapt to changing internal as well as external conditions, which presupposes the ability of constant improvement in conformity with the necessity to solve new tasks.

Flexibility is generally understood as the ability to respond or adapt to changing or new situations. In relation to organizations, we find a great amount of partial characteristics, when flexibility is seen as a flexible production, flexible automated production, flexible information systems, flexible checking systems, working flexibility, flexible managing styles, flexible OSs, etc. (Slávik, 2000).

The flexibility of OS and related decision and information processes is based on their dynamic adaptation to changing conditions upon solving new tasks.

Organizational management requires a great internal structural flexibility or restructuring during the time of changes in order to facilitate reorganization or transformation of present structures and processes (Sedlák, 2008).

The key features of the flexible concept of organizations are defined by Burns and Stalker (1994) as follows: Each employee contributes according to their best abilities, the basis of the role of individual is a part of the overall situation of the institution, roles of individuals are in the interaction with other roles within the institution, a problem solving cannot be delegated to anyone else, expansion of objectives (mission) of the institution beyond the boundaries of official definition, network structure of operational management, authority (power) and communication, the most extensive knowledge is not only focused on the top management level of the institution anymore, horizontal rather than vertical direction of communication prevails in the institution, communication rather includes advice and information than binding instructions or mandatory decisions, the bond of employees with institutional tasks has a greater value than their loyalty (Jaaron and Backhouse, 2011; Papula and Volná, 2012) and obedience, importance and prestige are attributed to affiliation and expertise.

It is necessary to realize that the flexible concept cannot be applied in organizations where different partial working operations need to be precisely and clearly balanced in a technically and technologically arranged whole. On the other hand, the flexible structures play a crucial role in case of innovation processes or unforeseeable situations. It is therefore necessary upon arrangement and management of individual tasks within a certain organization to take into account whether it concerns operations of a routine or innovative, specific character (Voštenáková, 2009).

A feature of the flexible OS is creation of a temporary unit (team, group) (Dubé, 2014; Blaskova et al., 2015) within a basic departmental structure to solve a particular demanding task, important for the organization and limited by time. The task requires an objective set in advance, and employees of different departments and specializations are to participate in its fulfillment regardless of their orientation (Voštenáková, 2009).

### 3. MATERIALS AND METHODS

Research presented in the paper was conducted in 2014 at School of Economics and Management in Public Administration in Bratislava. Its objective was to find out the present state of human resources management and organizational culture in organizations operating in Slovakia. Organizations engaged in the research were interviewed by means of a questionnaire delivered personally to a person responsible for human resources management in the given organization.

In order to determine a suitable research sample, two stratification criteria were set out. The first criterion was a minimum number of employees in the organization, which was determined at 50 employees. The given stratification criterion excluded micro and small enterprises from the research on the one hand, however, on

the other hand, the justness and need to focus on a formal system of human resources management in companies with more than 50 employees were observed and especially declared by means of this criterion. The second stratification criterion was a region of organization's operation, while the structural composition of the research sample was based on the data of the Statistical Office of the Slovak Republic.

According to the Statistical Office of the Slovak Republic the number of companies with a number of employees 50 and more was 3261 in 2014. The regional structure of companies with more than 50 employees in the given years is shown in Table 1.

Determining an optimal research sample of the given basic group of companies, confidence level of the research was set at 95%, and confidence interval of the research was set at  $H = \pm 0.10$ . On the grounds of the given criteria an additional, respectively relevant research sample for individual regions of Slovakia was set in the analyzed years (Table 1).

Approximately 500 organizations were included in the research, however due to a great extent and the form of data collection only approximately 65% of questionnaires used to be returned comprehensively completed. Subsequently, 259 organizations, corresponding to the optimal research sample determined on the grounds of stratification criteria, were selected from these organizations.

Key methods used in the conducted research include logical methods, adopting the principles of logic and logical thinking. Particularly the methods of analysis, synthesis, deduction and comparison were applied from this group of methods. Mathematical and statistical methods were also applied in the paper. From software products available on the market, a text editor, a spreadsheet and statistical software were used in the research work, particularly including MS Word 2010, MS Excel 2010 and SPSS 15.0 statistical software for Windows®.

#### 4. RESULTS

With regard to the variety of objectives, abilities of managing as well as managed employees with whom different organizations enter markets, which are also significantly diverse, it is impossible to define characteristics of a universal OS appropriate for all organizations. It is only possible to analyze the found OS characteristics, and subsequently to analyze, e.g., by cross-comparison, which organizations with the given characteristics also fulfill other characteristics, predicting implementation and maintaining of the given analyzed level of

the innovative organization in our case. Therefore, our research focused on evaluation of the frequency of found OS characteristics (Table 2).

The research results implied that most often reported characteristics, respectively principle of the OS was the principle of labor division, which means that it is clearly defined in the organization who is responsible for what task; the second most often declared principle was the principle of subordination of the OS to organizational strategic goals. The third reported principle was the principle of centralization of powers with top management deciding on everything. Other OS characteristics regarding adaptation to changing conditions and operational issues solutions were reported significantly less frequently, while these are generally most often denoted by authors of professional publications as significant in implementation and maintaining of the innovative organization.

The basis of the second question, focused on the analysis of flexible organizational culture conditions, was the definition of the flexible organization concept, stated in theory, saying that: "A common feature of the flexible OS is the creation of a temporary unit (team, group) within a basic departmental structure, to solve a certain difficult task, important for the organization and limited by time (Cagaňová et al., 2012)." The research implied (Table 3) that 21% of interviewed organizations solve new projects and tasks by the creation of a team specializing in the given project or task. Such situation is most often solved by an individual, either specialized or, being a worse case, not specialized in the given task.

#### 5. RECOMMENDATIONS FOR PRESENT STATE IMPROVEMENT

With regard to negative results of the research conducted in organizations operating in Slovakia, we focused on creating an instrument of analyzing the level of flexible OS in innovation, in which an organization should answer five questions (Table 4) and subsequently record the answers in Table 5. On the basis of the aforementioned, an organization can determine its level itself, and thus determine where its bottleneck is within the given characteristics. Based on the questionnaire results, an organization can identify its state and bottlenecks preventing it from advancement at a desirable level.

Within the sphere "Flexible OS," companies were divided into the following four groups:

- A. OS of company management is clearly defined, each employee knows their position in the management hierarchy, knows their powers, duties and job content. The number of company management levels is optimal, i.e., the distance

**Table 1: Regional structure of companies with more than 50 employees and size of the research sample for individual regions of Slovakia**

Region	Whole Slovakia	Western Slovakia	Central Slovakia	Eastern Slovakia
Districts	All districts	Bratislava, Trnava, Trenčín, Nitra	Banská Bystrica, Žilina	Košice, Prešov
Number of companies				
Year 2014	3261	2005	644	612
Size of the research sample	259	92	84	83

Source: Data processed according to the Statistical Office of the Slovak Republic

from top managers to performing employees is adequate with regard to the number of employees subordinated to a single manager. That implies that time to transfer information from management to regular employees is not unreasonably long, and the company is able to communicate effectively. Unity in management is ensured in a standard operating mode, however

**Table 2: The frequency of found OS characteristics in analyzed organizations**

The frequency of found OS characteristics	Number of companies in %
Is a subject to strategic objectives	58
Everybody has clearly defined tasks	69
Is cheap and effective	24
Strict management unity is secured	25
Strategic functions are separated from operational ones	7
Everything is decided by top management	47
Operational questions are solved by line managers	26
Optimal number of subordinates of a single manager	38
Adapts to changing conditions	38

Source: Own research. OS: Organizational structure

**Table 3: Most often way to new projects and tasks solved in analyzed organizations**

Most often way to new projects and tasks solved	Number of companies in %
Specialized research team	21
Permanent research team	15
Specialized individual	29
Non-specialized individual	33
External organization	2

Source: Own research

**Table 4: Questions analyzing the sphere of implementing flexible OS, interconnected with score evaluation**

Questions and answer choices	Score
1. Has the company clearly defined an OS of management?	
a. Yes	15
b. No	0
2. Is unity ensured in the company between management and subordinates?	
a. Yes, however double subordination arises at creating project teams	15
b. Yes, and it is strictly followed	10
c. No	0
3. How is OS in management adjusted at solving substantial tasks and projects?	
a. A team specialized in the given issue is created	15
b. A permanent team, not specialized in solving the given issue is created	10
c. It is not adjusted; solution is a delegated specialized individual	5
d. It is not adjusted; solution is a delegated non-specialized individual	0
4. Does the company support communication between specialists involved in project solution?	
a. Yes, considerably, it provides them room for mutual communication and cooperation	15
b. Only partially, they can communicate through a manager delegated to solve a project	5
c. No, every specialist only fulfills his/her part of a project without mutual communication with other specialists involved in the solution	0
5. Is it possible, in case it is necessary, to delegate powers to less senior management levels in the company?	
a. Yes, there is a system of delegating powers in the company, and powers are delegated on the grounds of a written authorization	15
b. Yes, powers are sometimes delegated, however there is no system or documentation (authorizations are in a verbal form)	10
c. No, powers are precisely defined for individual positions, and it is impossible to change or transfer them	5
d. Powers for individual management functions are not clearly defined in the company	0

Source: Author. OS: Organizational structure

double subordination temporarily appears during work on projects, when the involved employees retain the original vertical subordination to their department manager, but they also become subordinated to the project manager. Temporary creative teams specialized in the given particular creative tasks are formed from employees of different company departments, where each team member is a specialist in a different sphere, and can therefore apply their professional abilities, which ensures maximum performance of the company, also in a rapidly changing business environment.

- B. OS of company management is clearly defined, each employee knows their position in the management hierarchy, knows their powers, duties and job content. The number of company management levels is optimal, i.e. the distance from top managers to performing employees is adequate with regard to the number of employees subordinated to a single manager. That implies that time to transfer information from management to regular employees is not unreasonably long, and the company is able to communicate effectively. Company employees only retain vertical subordination to their department manager, which implies that unity in management is applied. The company has formed a permanent creative team to solve substantial tasks and projects, where each team member is a specialist in a different sphere, while team staffing does not change depending on the type of task or project, which is a reason why maximum team performance, which also implies company performance, in a rapidly changing business environment is not ensured.
- C. OS of company management is clearly defined, each employee knows their position in the management hierarchy, knows their powers, duties and job content. The number of company management levels is optimal, i.e. the distance from top managers to performing employees is adequate with regard to the number of employees subordinated to a

single manager. That implies that time to transfer information from management to regular employees is not unreasonably long, and the company is able to communicate effectively. Company employees only retain vertical subordination to their department manager, which implies that unity in management is strictly applied. A single employee delegated by management and specialized in the given issue is responsible for solving substantial tasks and projects and carries out all related creative activities. He/she is sometimes even delegated to consult each partial result with company management. Such centralized project management normally results in slow solution, which has a significant impact on the speed of company’s reaction to changing business environment.

- D. Organizational culture of company management is not clearly defined; employees neither have a clearly specified position in the management hierarchy nor have they had their powers, duties and job content clearly defined. The number of company management levels is impossible to determine, as the OS of management is not clearly specified. That implies that we cannot deal with flexibility in the OS of management. A single employee delegated by management is responsible for solving substantial tasks and projects and carries out all related creative activities. He/she is sometimes even delegated to consult each partial result with company management. Such centralized project management normally results in slow solution, which has a significant impact on the speed of company’s reaction to changing business environment.

To reveal bottlenecks in the sphere of “Flexible OS,” Table 6 was created, from which it can be particularly specified which part of flexible organizational culture needs to be focused on in order to achieve a higher level in this sphere.

## 6. CONCLUSION

However, the basis at particular focus of the research on the analysis of flexible OS level was the presumption that organization’s flexibility results from its ability to respond to

**Table 5: The level of implementing flexible OS on the grounds of a sum of the scores of individual questions**

Feature of an innovative industrial enterprise	Your result	Your level
Flexible OS	75-65	A
	64-50	B
	49-26	C
	25-0	D

Source: Author. OS: Organizational structure

**Table 6: Reveal bottlenecks in the sphere of the implementation level of flexible OS**

Number of question/answer	1	2	3	4	5
Excellent	A	A	A	A	A
Above average		B	B		B
Below average			C	B	C
Bad	B	C	D	C	D

Source: Author. OS: Organizational structure

changing conditions and new situations. Thus set presumption implied that OS characteristics in analyzed organizations do not create the environment for innovative organization, as characteristics like adaptation of the OS to changing conditions and delegation of operational decisions to line managers were marked significantly less frequently than other characteristics.

Since business environment is constantly changing at present turbulent times, organizations are often in uncertain situations, and the greater uncertainty is in business, the more important team work is. Interpersonal relationships, balanced team roles and motivation of individuals to solve problems are among the key factors of team work success. It is necessary for innovative organizations to create the atmosphere where the dialogue between managers and other employees has an important position. The need of team work expansion is generally recognized. In spite of this fact, its implementation represents one of the differences as well as one of the greatest restraints of organizations operating in Slovakia compared to more developed world. It is also reflected in the fact that in finding and subsequent solving of problems, organizations more often decide to solve the given problem individually than to use team work. The fact that organizations most often use individuals, not the creation of a team specialized in the given issue in solving of new projects and tasks does not sound positive either in relation to adaptation of the OS to changes.

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